
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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To: Assessing Officials
From: Department of Local Government Finance
Date: August 4, 2003
Re: Reassessment of Destroyed Property

Due to recent storms and flooding taking place in numerous counties throughout the state, the Department has received many phone calls and e-mails from local assessing officials as well as tax payers concerning what type of relief is available to those individuals that suffered damage to their property and in those counties the Governor and President declared eligible for federal disaster relief. This memo is written in an effort to address some of the questions and comments presented to the DLGF.

I.C. § 6-1.1-4-11 states that: *(a) If a substantial amount of real and personal property in a township has been partially or totally destroyed as a result of a disaster, the department of local government finance shall:*

(1) cause a survey to be made of the area or areas in which the property has been destroyed; and

(2) order a reassessment of the destroyed property; if a person petitions the department to take that action. The department of local government finance shall specify in its order the time within which the reassessment must be completed and the date on which the reassessment will become effective.

However, the reassessed value and the corresponding adjustment of tax due, past due, or already paid is effective as of the date the disaster occurred, without penalty.

(b) The petition for reassessment of destroyed property, the reassessment order, and the tax adjustment order may not be made after December 31st of the year in which the taxes which would first be affected by the reassessment are payable.

The petition that must be submitted to the Department is known as form 137R (Petition for Survey and Reassessment). This petition is filed with the township assessor in the county where the property is located, and forwarded to the Department for review.

In the past, the Department would order reassessment if the amount of property partially or totally destroyed exceeded 1 percent of the gross assessed value of all property in a township. On December 20, 2002, however, the Indiana Tax Court issued an opinion contrary to this policy. *Beta Steel Corp. v. Department of Local Gov't Finance*.

In that case, an explosion had occurred in the Beta Steel mill located in Portage Township, Porter County, Indiana, resulting in many injuries and a single death. Beta Steel filed a 137R petition for Survey and Reassessment claiming that 15 percent of Beta's real property and 20 percent of Beta's personal property were destroyed as a result of the explosion or approximately \$2.3

million dollars. The State Board of Tax Commissioners denied reassessment of Beta's property based on the fact that \$2.3 million constituted less than 1 percent of the total assessed value of all the property located in Portage Township, and thus the amount of damage was not substantial.

Upon appeal, the Tax Court reversed the State Board's decision. The Court held that relief should be based on 1) whether a disaster occurred, 2) that partially or totally destroyed property in a township, and 3) a substantial amount of property was destroyed. In making the determination of substantial amount, the Court held that the focus is not on a fixed percentage of assessed value in a township but on whether the disaster caused a substantial quantity of damage.

The Tax Court's decision coincided with the Department's consideration of whether the tornadoes that swept through Indiana in September 2002 qualified for disaster relief. There, too, while many people's property was destroyed, the total damage in any one township was much less than 1 percent of the total assessed value. Nonetheless, because of the extent of the damage and the fact that many people lost homes, relief was certainly appropriate.

Therefore, since the Tax Court's decision and the tornadoes last fall, the Department has determined that the focus under the statute should be first on whether a disaster occurred and, second, on whether the disaster caused substantial damage, i.e., extensive or significant loss in terms of dollars or in terms of many people affected. A disaster is an event causing great loss, hardship or suffering to many people, a great or sudden misfortune. (New Webster's Dictionary and Thesaurus 1992.) Indications of disasters could be federal declarations, meteorological scales and surveys performed by the National Weather Service or State Emergency Management Agency, executive requests for assistance or other indications of great loss, suffering or hardship.

When such a disaster occurs, the Department will survey the damage and determine whether a substantial amount of property was destroyed. Department staff will determine shortly whether and in what townships relief should be ordered as a result of the recent flooding. Currently, the counties in which a federal disaster was declared as a result of flooding are Adams, Allen, Benton, Blackford, Boone, Carroll, Cass, Clay, Clinton, Delaware, Fountain, Fulton, Grant, Hamilton, Hancock, Henry, Howard, Huntington, Jasper, Jay, Kosciusko, Madison, Marion, Miami, Montgomery, Morgan, Newton, Noble, Parke, Pulaski, Randolph, Tippecanoe, Tipton, Union, Vigo, Wabash, Warren, Wayne, Wells, White and Whitley. Other counties may be added to the list as more information becomes available.

Once an order issues to a township that a disaster occurred affecting many people and substantial damage, local assessing officials must determine the extent of relief appropriate to taxpayers who apply for property tax relief. The assessor shall determine whether, as a result of the disaster, the assessed value of a taxpayer's property on the date the disaster occurred would be less than that on the assessment date. In most instances, that assessment date would be the immediately preceding March 1. If, however, the disaster occurred after December 1 of a year or before March 1 of the following year, after assessed values have been finally certified, the relevant assessment date would be the following March 1. The Department established this benchmark in order that there would be time to adjust the assessed values upon which budgets would be certified for the following year.

If you have any questions or concerns, you may contact your [local field representative](#), or the Assessment Division at (317) 232-3777.